

HOW TO MANAGE MONEY MARKET FUNDS SUSTAINABLY ?



Alain Richier
Head of
Money Market



Nathalie Pistre
Head of
Research & SRI



Iain Bremner
Investment
COO

A SELECTIVE MONETARY ESG UNIVERSE

The entire €50bn in Ostrum AM's sustainable money market funds qualify for the SRI Label⁽¹⁾, which positions us as leader in France and internationally⁽²⁾. The same rigorous SRI process is applied to money market funds as to the other funds we manage.

The principal aim of money market management is to seek the NAV⁽³⁾ highest stability. We are convinced that the consideration of ESG⁽⁴⁾ issues enables industrial and financial risks to be minimised, which may otherwise potentially impact issuers' credit ratings, or reputation risk. Sustainable money market funds should be subject to fewer potential shocks.

We therefore invest in money markets under the High Credit Quality regulatory framework, which integrates ESG factors into the fundamental analysis. We complete our selection with a non-financial rating and by integrating impact indicators into our investment process for SRI funds with the SRI Label since summer 2020.

Money market investments have a key role to play, due to the huge amount of assets under management: supporting the best-in-class issuers, through short-term financing and promoting a more sustainable world, by engaging dialogue with others.

Finally, sustainable money market investments will benefit from the development of short-term responsible financial instruments, Green NeuCP / NeuMTN⁽⁵⁾.

A TRANSVERSAL ESG APPROACH

At Ostrum AM, we adopt a highly transversal ESG approach, which feeds through to all of our funds. Our sustainable money market funds fit perfectly into this approach.

They benefit from our proprietary credit research, which for several years now has integrated an analysis of ESG factors on credit quality. Our fundamental analysis is therefore more robust, drawing systematically on financial and non-financial criteria.

Furthermore, our quantitative research examines methodological aspects in order to measure portfolios' climate alignment for example and participate in adequately calibrating responsible investment processes.

Lastly, the ESG Strategy team enables us to provide our clients with support regarding regulatory changes and ensure full transparency in our methodologies.

These measures are completed by sector, voting and stewardship policies, aiming to accompany corporate transition and exclude major risks.

In conclusion, there is a seamless continuity between Ostrum AM's CSR policy⁽⁶⁾ and our conception of SRI. Our coherent and stringent approach appeals to investors seeking an asset manager providing support for their responsible engagement.

THE IMPORTANCE OF NON-FINANCIAL DATA

The development of sustainable investing is associated with non-financial data, to comply with regulatory requirements and also to ensure strict issuer selection and provide comprehensive and transparent reporting.

Ostrum AM selects providers based on the quality and depth of data, and our needs. Data is uploaded into our investment management systems via our information center and is used as a support for our ESG analyses and policies.

Provider examples :

- Sovereign issuers: SDG index
- Corporate issuers: Sustainalytics, MSCI, Vigeo-Eiris
- Climate data: Trucost, CDP and the NGO Urgewald.

For our SRI labelled funds in particular, this data enables us to integrate impact indicators into our investments and reporting : carbon intensity, social impact / human rights (staff turnover for companies, education for governments)...

A comprehensive non-financial database has multiple aims: enabling the research teams to integrate financial and non-financial analyses; providing portfolio managers with the means to include these criteria within their investments and analyse their portfolios; producing pertinent investor reports.

sdgindex.org ; sustainalytics.com ; msci.com ; vigeo-eiris.com ; trucost.com ; cdp.net ; urgewald.org

References to rankings, awards or ratings are not a reliable indicator of a fund's future returns. (1) SRI: Socially Responsible Investment. Further information on lelabel.sri.fr. (2) Global ESG Money Market Fund Dashboard 2020, FitchRatings. Classement Mondial de 50 fonds. (3) NAV: Net Asset Value. (4) ESG : Environment, Social, Governance. (5) NEU CP – NEU MTN: Euro zone short & medium term negotiable securities market. Green NeuCP / NeuMTN : Banque de France programs involving investments used exclusively for financing eligible green businesses or projects. (6) CSR: Corporate Social Responsibility. Definitions: <https://www.ostrum.com/en/glossary-en>.

ADDITIONAL NOTES

Ostrum Asset Management

Asset management company regulated by AMF under n° GP-18000014 – Limited company with a share capital of 48 518 602 €. Trade register n°525 192 753 Paris – VAT : FR 93 525 192 753 – Registered Office: 43, avenue Pierre Mendès-France, 75013 Paris www.ostrum.com

This document is intended for professional, in accordance with MIFID. It may not be used for any purpose other than that for which it was conceived and may not be copied, distributed or communicated to third parties, in part or in whole, without the prior written authorization of Ostrum Asset Management.

None of the information contained in this document should be interpreted as having any contractual value. This document is produced purely for the purposes of providing indicative information. This document consists of a presentation created and prepared by Ostrum Asset Management based on sources it considers to be reliable.

Ostrum Asset Management reserves the right to modify the information presented in this document at any time without notice, which under no circumstances constitutes a commitment from Ostrum Asset Management.

The analyses and opinions referenced herein represent the subjective views of the author(s) as referenced, are as of the date shown and are subject to change without prior notice. There can be no assurance that developments will transpire as may be forecasted in this material. This simulation was carried out for indicative purposes, on the basis of hypothetical investments, and does not constitute a contractual agreement from the part of Ostrum Asset Management.

Ostrum Asset Management will not be held responsible for any decision taken or not taken on the basis of the information contained in this document, nor in the use that a third party might make of the information. Figures mentioned refer to previous years. Past performance does not guarantee future results. Any reference to a ranking, a rating or an award provides no guarantee for future performance and is not constant over time. Reference to a ranking and/or an award does not indicate the future performance of the UCITS/AIF or the fund manager.

Under Ostrum Asset Management's social responsibility policy, and in accordance with the treaties signed by the French government, the funds directly managed by Ostrum Asset Management do not invest in any company that manufactures, sells or stocks anti-personnel mines and cluster bombs.

Natixis Investment Managers

This material has been provided for information purposes only to investment service providers or other Professional Clients, Qualified or Institutional Investors and, when required by local regulation, only at their written request. This material must not be used with Retail Investors.

In the E.U. (outside of the UK and France): Provided by Natixis Investment Managers S.A. or one of its branch offices listed below. Natixis Investment Managers S.A. is a Luxembourg management company that is authorized by the Commission de Surveillance du Secteur Financier and is incorporated under Luxembourg laws and registered under n. B 115843. Registered office of Natixis Investment Managers S.A.: 2, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. **Italy:** Natixis Investment Managers S.A., Succursale Italiana (Bank of Italy Register of Italian Asset Management Companies no 23458.3). Registered office: Via San Clemente 1, 20122 Milan, Italy. **Germany:** Natixis Investment Managers S.A., Zweigniederlassung Deutschland (Registration number: HRB 88541). Registered office: Im Trutz Frankfurt 55, Westend Carrée, 7. Floor, Frankfurt am Main 60322, Germany. **Netherlands:** Natixis Investment Managers, Nederlands (Registration number 50774670). Registered office: Stadsplateau 7, 3521AZ Utrecht, the Netherlands. **Sweden:** Natixis Investment Managers, Nordics Filial (Registration number 516405-9601 - Swedish Companies Registration Office). Registered office: Kungsgatan 48 5tr, Stockholm 111 35, Sweden. **Spain:** Natixis Investment Managers, Sucursal en España. Serrano n°90, 6th Floor, 28006, Madrid, Spain. **Belgium:** Natixis Investment Managers S.A., Belgian Branch, Gare Maritime, Rue Picard 7, Bte 100, 1000 Bruxelles, Belgium.

In France: Provided by Natixis Investment Managers International – a portfolio management company authorized by the Autorité des Marchés Financiers (French Financial Markets Authority - AMF) under no. GP 90-009, and a public limited company (société anonyme) registered in the Paris Trade and Companies Register under no. 329 450 738. Registered office: 43 avenue Pierre Mendès France, 75013 Paris.

In Switzerland: Provided for information purposes only by Natixis Investment Managers, Switzerland Sàrl, Rue du Vieux Collège 10, 1204 Geneva, Switzerland or its representative office in Zurich, Schweizergasse 6, 8001 Zürich.

In the British Isles: Provided by Natixis Investment Managers UK Limited which is authorised and regulated by the UK Financial Conduct Authority (register no. 190258) - registered office: Natixis Investment Managers UK Limited, One Carter Lane, London, EC4V 5ER. When permitted, the distribution of this material is intended to be made to persons as described as follows: in the United Kingdom: this material is intended to be communicated to and/or directed at investment professionals and professional investors only; in Ireland: this material is intended to be communicated to and/or directed at professional investors only; in Guernsey: this material is intended to be communicated to and/or directed at only financial services providers which hold a license from the Guernsey Financial Services Commission; in Jersey: this material is intended to be communicated to and/or directed at professional investors only; in the Isle of Man: this material is intended to be communicated to and/or directed at only financial services providers which hold a license from the Isle of Man Financial Services Authority or insurers authorised under section 8 of the Insurance Act 2008.

In the DIFC: Provided in and from the DIFC financial district by Natixis Investment Managers Middle East (DIFC Branch) which is regulated by the DFSA. Related financial products or services are only available to persons who have sufficient financial experience and understanding to participate in financial markets within the DIFC, and qualify as Professional Clients or Market Counterparties as defined by the DFSA. No other Person should act upon this material. Registered office: Unit L10-02, Level 10, ICD Brookfield Place, DIFC, PO Box 506752, Dubai, United Arab Emirates

In Japan: Provided by Natixis Investment Managers Japan Co., Ltd. Registration No.: Director-General of the Kanto Local Financial Bureau (kinsho) No.425. Content of Business: The Company conducts investment management business, investment advisory and agency business and Type II Financial Instruments Business as a Financial Instruments Business Operator.

In Taiwan: Provided by Natixis Investment Managers Securities Investment Consulting (Taipei) Co., Ltd., a Securities Investment Consulting Enterprise regulated by the Financial Supervisory Commission of the R.O.C. Registered address: 34F., No. 68, Sec. 5, Zhongxiao East Road, Xinyi Dist., Taipei City 11065, Taiwan (R.O.C.), license number 2020 FSC SICE No. 025, Tel. +886 2 8789 2788.

In Singapore: Provided by Natixis Investment Managers Singapore Limited (company registration no. 199801044D) to distributors and institutional investors for informational purposes only.

In Hong Kong: Provided by Natixis Investment Managers Hong Kong Limited to institutional/ corporate professional investors only.

In Australia: Provided by Natixis Investment Managers Australia Pty Limited (ABN 60 088 786 289) (AFSL No. 246830) and is intended for the general information of financial advisers and wholesale clients only .

In New Zealand: This document is intended for the general information of New Zealand wholesale investors only and does not constitute financial advice. This is not a regulated offer for the purposes of the Financial Markets Conduct Act 2013 (FMCA) and is only available to New Zealand investors who have certified that they meet the requirements in the FMCA for wholesale investors. Natixis Investment Managers Australia Pty Limited is not a registered financial service provider in New Zealand.

In Latin America: Provided by Natixis Investment Managers S.A.

In Uruguay: Provided by Natixis Investment Managers Uruguay S.A., a duly registered investment advisor, authorised and supervised by the Central Bank of Uruguay. Office: San Lucar 1491, Montevideo, Uruguay, CP 11500. The sale or offer of any units of a fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627.

In Colombia: Provided by Natixis Investment Managers S.A. Oficina de Representación (Colombia) to professional clients for informational purposes only as permitted under Decree 2555 of 2010. Any products, services or investments referred to herein are rendered exclusively outside of Colombia. This material does not constitute a public offering in Colombia and is addressed to less than 100 specifically identified investors.

In Mexico Provided by Natixis IM Mexico, S. de R.L. de C.V., which is not a regulated financial entity, securities intermediary, or an investment manager in terms of the Mexican Securities Market Law (Ley del Mercado de Valores) and is not registered with the Comisión Nacional Bancaria y de Valores (CNBV) or any other Mexican authority. Any products, services or investments referred to herein that require authorization or license are rendered exclusively outside of Mexico. While shares of certain ETFs may be listed in the Sistema Internacional de Cotizaciones (SIC), such listing does not represent a public offering of securities in Mexico, and therefore the accuracy of this information has not been confirmed by the CNBV. Natixis Investment Managers is an entity organized under the laws of France and is not authorized by or registered with the CNBV or any other Mexican authority. Any reference contained herein to "Investment Managers" is made to Natixis Investment Managers and/or any of its investment management subsidiaries, which are also not authorized by or registered with the CNBV or any other Mexican authority.

The above referenced entities are business development units of Natixis Investment Managers, the holding company of a diverse line-up of specialised investment management and distribution entities worldwide. The investment management subsidiaries of Natixis Investment Managers conduct any regulated activities only in and from the jurisdictions in which they are licensed or authorized. Their services and the products they manage are not available to all investors in all jurisdictions. It is the responsibility of each investment service provider to ensure that the offering or sale of fund shares or third party investment services to its clients complies with the relevant national law.

The provision of this material and/or reference to specific securities, sectors, or markets within this material does not constitute investment advice, or a recommendation or an offer to buy or to sell any security, or an offer of any regulated financial activity. Investors should consider the investment objectives, risks and expenses of any investment carefully before investing. The analyses, opinions, and certain of the investment themes and processes referenced herein represent the views of the portfolio manager(s) as of the date indicated. These, as well as the portfolio holdings and characteristics shown, are subject to change. There can be no assurance that developments will transpire as may be forecasted in this material. The analyses and opinions expressed by external third parties are independent and does not necessarily reflect those of Natixis Investment Managers. Past performance information presented is not indicative of future performance.

Although Natixis Investment Managers believes the information provided in this material to be reliable, including that from third party sources, it does not guarantee the accuracy, adequacy, or completeness of such information. This material may not be distributed, published, or reproduced, in whole or in part.

All amounts shown are expressed in USD unless otherwise indicated.

Natixis Investment Managers International

Société anonyme au capital de 51 371 060,28 euros - RCS Paris: 329 450 738 - Agréé par l'Autorité des Marchés Financiers (AMF), sous le numéro GP 90-009 - 43 avenue Pierre Mendès France 75013 Paris

www.im.natixis.com

